

**TESTIMONY OF  
SUSAN MARTIN  
VICE PRESIDENT, FINANCE/CFO  
MIDDLESEX HOSPITAL  
BEFORE THE  
APPROPRIATIONS COMMITTEE  
Thursday, February 11, 2010**

**HB 5018, AN ACT MAKING ADJUSTMENTS TO STATE EXPENDITURES AND  
REVENUES FOR THE STATE FISCAL YEAR ENDING JUNE 30, 2011**

My name is Susan Martin. I am the Vice President, Finance/CFO of the Middlesex Hospital (MH). I am testifying today in opposition to **HB 5018, An Act Making Adjustments To State Expenditures And Revenues For The State Fiscal Year Ending June 30, 2011.**

As I'm sure you know, the economic crisis has negatively impacted just about every industry in this country. Connecticut hospitals have not been spared the pain of this crisis. Despite the negative impact of this financial crisis, hospitals are continuing to find a way to provide care to all who need it, regardless of ability to pay, twenty-four hours a day, seven days a week year-round. This has been a struggle and this struggle continues. Hospitals are among the largest employers in our state and I strongly believe that the health of our communities is in many ways linked to the health of our hospitals.

My comments today will be limited to one change in the proposed budget adjustments: cutting the dollars appropriated to raise hospital payments in the SAGA program up to Medicaid payment levels. **Middlesex Hospital strongly opposes that reduction and we urge you to pay Connecticut's hospitals the Medicaid rate for services under the SAGA program as provided for in the budget.**

As you may know, the SAGA program has been the focus of much legislative attention for several years. The SAGA program was significantly modified in 2004 and subjected hospitals, pharmacies, and Community Health Centers to a cap based on available appropriations. Over time, DSS removed the cap from all providers except hospitals. Today, SAGA non-hospital providers are paid one hundred percent of the Medicaid rate while hospitals are paid about 43 percent of the Medicaid rate. At Middlesex Hospital, millions of dollars of unreimbursed costs are incurred each year to provide high quality care and services to Middlesex County residents. Payment at one hundred percent of the Medicaid rate for the SAGA population would result in over \$1 million of additional resources per year being available for the continued provision of community benefit, quality care and services required and deserved by the residents of Middlesex County.

As of today, DSS has not taken the administrative steps needed to implement an 1115 waiver for the SAGA program as directed by the legislature and does not plan to do so until July 1, 2011 – a full seven and a half years after first directed by the legislature to do so. In a letter dated January 20, 2010, DSS stated that the further delay is due to the uncertainty created by federal healthcare reform.

The biennial budget passed in September 2009 provided the funding needed to raise hospital SAGA rates up to Medicaid effective January 1, 2010. This new budget makes it clear that DSS will not be implementing existing law in the time frame required. **The funds necessary to raise hospital SAGA rates to Medicaid have been appropriated and will be matched with or without a waiver.** So, let's just start paying hospitals in accordance with the biennium budget at the Medicaid rate for SAGA and finally put hospitals on par with all other providers to the SAGA program. This change can be accomplished by modifying section 17b-192(f) to read:

(f) The Commissioner of Social Services shall [,within available appropriations,] make payments to hospitals for inpatient and outpatient services at the Medicaid rate.[based on their pro rata share of the costs of services provided or the number of clients served, or both.] The Commissioner of Social Services shall, within available appropriations, make payments for any non-hospital ancillary or specialty services provided to state-administered general assistance recipients under this section based on a methodology determined by the commissioner.

Thank you for your consideration of our position.